RV BUSINESS

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JEANNE LONG
ASC EDITOR
CONGRESSIONAL INFORMATION SV
4520 EAST WEST HY 300
BETHESDA MD 20814

PARK MODELS FIND NEW POPULARITY: The trend to destination camping is spurring park-model sales, with many manufacturers citing 25%-50% sales growth this spring. See story on page 30.

Thor to Acquire Dutchmen Manufacturing

The stockholders of Dutchmen Manufacturing Inc. surprised the RV industry in late May by announcing that the Goshen, Ind.-based manufacturer of economy-class travel trailers and fifth-wheels would be sold to Thor Industries Inc., Jackson Center, Ohio, a publicly held RV maker best known for its legendary Airstream line.

The announcement came only days after Dutchmen had officially become the nation's No. 2 U.S. retailer of travel trailers and fifth-wheels in the first quarter of 1991, according to data from Statistical Surveys Inc., Grand Rapids, Mich. The cash transaction was to have been finalized May 31, at which time the sale price was to be disclosed.

"The planned acquisition of Dutchmen should make Thor the second-largest RV manufacturer in North America," Thor Chairman Wade F.B. Thompson said in announcing the pending sale. "Dutchmen, which is highly profitable, had sales of $57 million last year and is running at the rate of about $70 million in sales this year. This exceptional performance has been achieved during a severe industry downturn."

Thompson pointed out that Dutchmen has had a "major impact on the towable RV market in just three years." He also said that Dutchmen's existing, successful management team – including the owner/managers C. David Hoefer, Glen M. Sylvester and Larry Schrock – would continue operating the company, which he expects to "add significantly to the overall performance of Thor."

Hoefer, president of Dutchmen, which had 300 employees building 48 units a day in five northern Indiana plants in May, told RVB that Dutchmen's management team would be operating the company under "very long-term" management contracts in much the same way that Dutchmen has been operated since its 1988 inception in a converted barn located in Middlebury, Ind.

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OEM-Supplier Programs Seek To Boost Product Quality

Whether it is called a "Preferred Supplier Program," a "Vendor Review" or a "Quality Review," each plan's goal is the same: to enhance the OEM-supplier relationship and reap major sales dividends through a new partnership for quality.

While such programs have long been a mainstay of the automotive industry, the RV manufacturing community has only recently accepted the concept of a closer bond with their myriad suppliers of parts, compo-

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11 Canadian TV Show Seeks U.S. Audience

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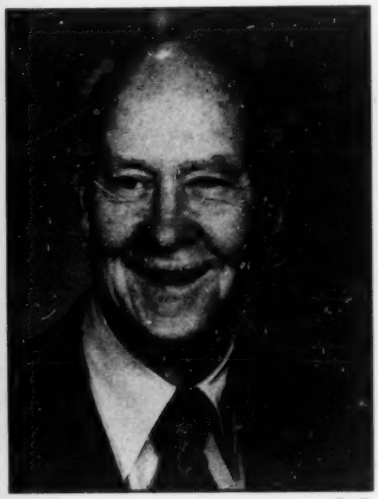
13 Champion Has First Profitable Year Since '85

RV BUSINESS

VOLUME 42, NUMBER 6 | JUNE 17, 1991 | TWO DOLLARS



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COVER PHOTO: FAIRMONT HOMES INC.

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Trailer Trends ____ 22
Towables gained market share at the expense of motorized units in 1990, and travel trailer and fifth-wheel makers are eager to press their advantage with consumers during 1991's recovery. Watch for an ever-wider array of slide-out options, intense competition among low-end units and increased "packaging" of unit features.

Park Models: A Rising Star ____ 30
The increase in destination camping has been a boon to park trailer sales, a relatively bright spot in the down market of 1990. With sales up by 25% or more this spring, leading manufacturers are seeking to capitalize on their recent success both with new products and a new educational/promotional campaign.

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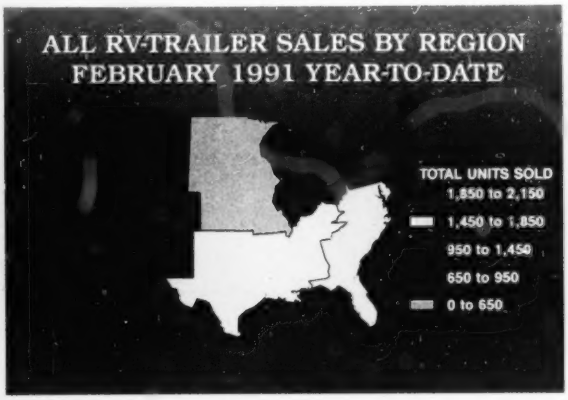
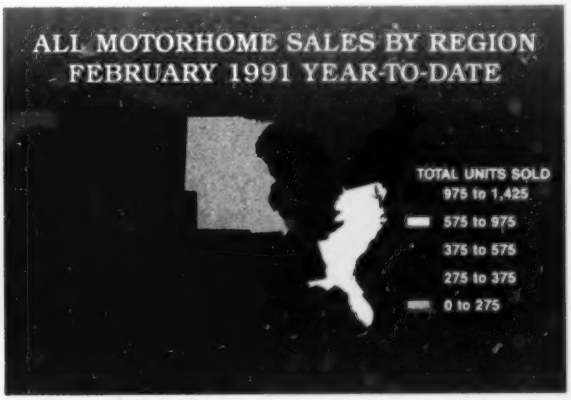
FEBRUARY'S DISAPPOINTMENTS MAY HERALD TURNING POINT

TOM WALWORTH





East North Central: Illinois, Indiana, Michigan, Ohio, Wisconsin; **Mountain**: Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, Wyoming; **Northeast**: Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont; **Pacific**: Alaska, California, Oregon, Washington, Hawaii; **South Atlantic**: Delaware, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, West Virginia; **West North Central**: Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota; **South Central**: Texas, Oklahoma, Arkansas, Louisiana, Tennessee, Mississippi, Alabama.

Retail sales figures for the first two months of 1991 showed the motorhome market down by 42.9% and RV-trailer sales sliding by 24.5% when compared with the same two months of 1990.

February's motorhome market experienced a drop of 45.7%, or 1,610 units, from February 1990. The seven regions of the country are ranked in Figure 1 based on the percent of change in motorhome sales between this February and the same month of last year. Leading the lineup was the West North Central region, with Missouri having the best performance. Maine, in the bottom-ranked Northeast region, experienced the largest decline.

Year-to-date, sales figures for the motorhome segment of the industry were down by 42.9%, or 2,778 units, compared with the first two months of last year. Figure 2 lists the seven regions of the country according to their percent change in sales compared with the same period of 1990. The West North Central region led the rankings, with the largest gain taking place in Missouri. In the last-place Northeast region, Maine suffered the largest decline.

The RV-trailer market in February 1991 slowed by 27.4%, a 1,937-unit decline from February of last year. In Figure 3, the country's seven regions are ranked according to their percent of change in February trailer sales from the same month in 1990. Leading the rankings was the West North Central region, with the strongest showing recorded by North Dakota. The Northeast region again trailed the others, and New Hampshire turned in the weakest sales performance there.

Year-to-date sales of RV trailers were

MOTORHOMES, FEB. '91

Feb. '91 Rank	Region	% of Change From Feb. '90	Jan. '91 Rank
1	W.N. Central	-18.7	2
2	Pacific	-40.4	1
3	S. Central	-43.9	4
4	Mountain	-47.5	5
5	E.N. Central	-47.7	3
6	S. Atlantic	-52.7	6
7	Northeast	-61.2	7

Figure 1

MOTORHOMES, YEAR-TO-DATE

Feb. '91 Rank	Region	% of Change Year-to-Date	Jan. '91 Rank
1	W.N. Central	-24.4	2
2	Pacific	-36.0	1
3	E.N. Central	-42.7	3
4	S. Central	-43.5	4
5	Mountain	-47.6	5
6	S. Atlantic	-51.0	6
7	Northeast	-56.4	7

Figure 2

RV TRAILERS, FEB. '91

Feb. '91 Rank	Region	% of Change From Feb. '90	Jan. '91 Rank
1	W.N. Central	-11.9	5
2	S. Central	-12.9	6
3	S. Atlantic	-19.9	2
4	Mountain	-25.0	4
5	Pacific	-30.5	3
6	E.N. Central	-36.5	1
7	Northeast	-47.5	7

Figure 3

RV TRAILERS, YEAR-TO-DATE

Feb. '91 Rank	Region	% of Change Year-to-Date	Jan. '91 Rank
1	S. Atlantic	-15.1	2
2	W.N. Central	-18.8	5
3	S. Central	-22.8	6
4	Pacific	-24.5	3
5	E.N. Central	-24.7	1
6	Mountain	-25.7	4
7	Northeast	-43.7	7

Figure 4

GRAPHICS: DIGITAL LIFE

down 24.5%, which translated into a 2,923-unit shortfall compared with the first two months of last year. Based on the percent change in trailer sales from the first two months of 1990, the seven national regions are ranked in Figure 4. Maryland chalked up the largest gain, leading the South Atlantic region at the top of the ranking. Trailing other sections of the country was the Northeast region, with the largest decline recorded by New Hampshire.

There is good reason to hope that, with the Persian Gulf War behind us, February will mark the end of the lingering market slump.

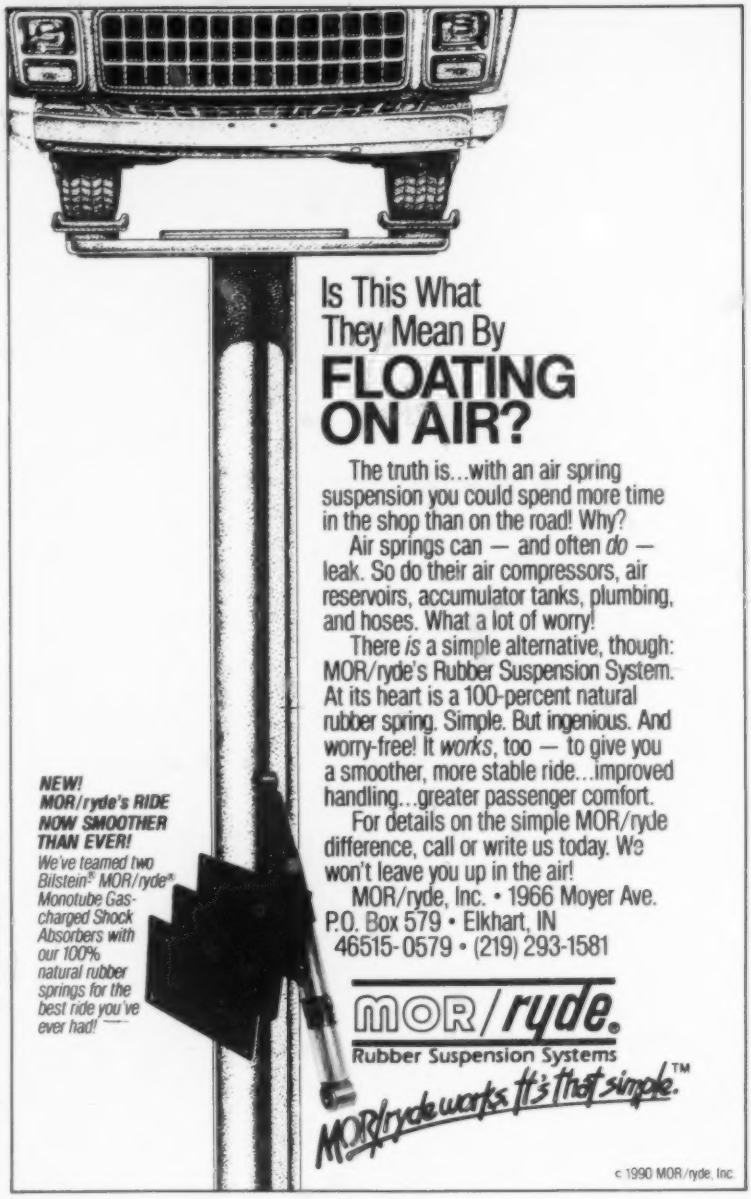
Reaction to the Persian Gulf War was seen throughout reports from the retail market for February 1991. The uncertainty caused by the war kept RV buyers away, and the negative market trend that plagued 1990 figures continued through the first two months of 1991.

However, it is important to remember that the severity of the decline of early 1991 is exagerrated by the fact that the first quarter of 1990 was that year's high point. The outstanding performance of early 1990 makes the slow start of 1991 appear even worse than it actually is.

But we expect future months to record some real improvements over last year. Then a comparison of 1991's third- and fourth-quarter numbers with the dismal state of the industry in the last two quarters of 1990, when retail sales fell severely, will make even an average 1991 performance look as positive as the early months' numbers appeared to be bad.

There is good reason to hope that, with the Persian Gulf War behind us, February will mark the end of the lingering market slump. Δ

Thomas Walworth is general manager of Statistical Surveys Inc., Grand Rapids, Mich., which has reported retail statistics for 30 years to the RV industry. Statistical Surveys is an acknowledged leader in the RV statistical field.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HAS THE SHIPMENTS UPTURN BEGUN?

MORTON J. MARCUS

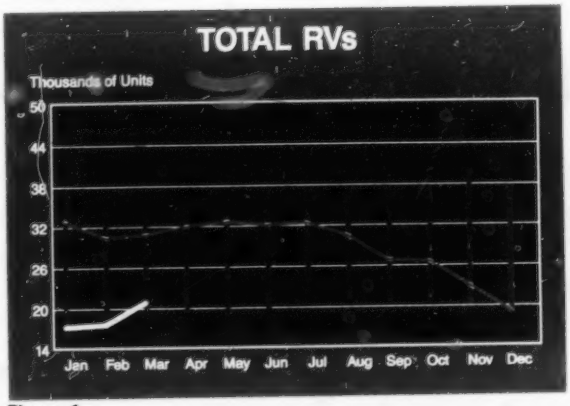
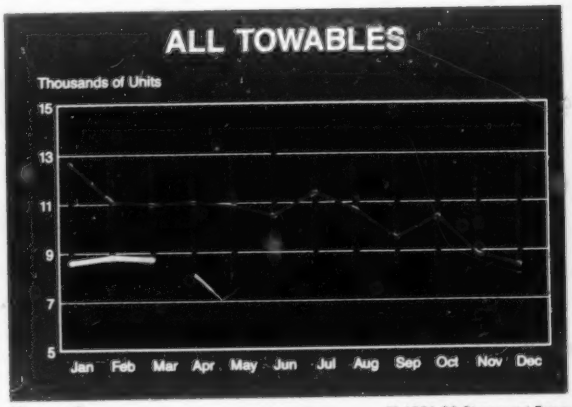


Figure 1



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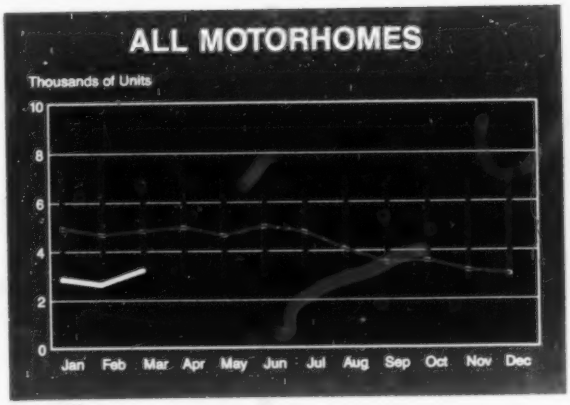

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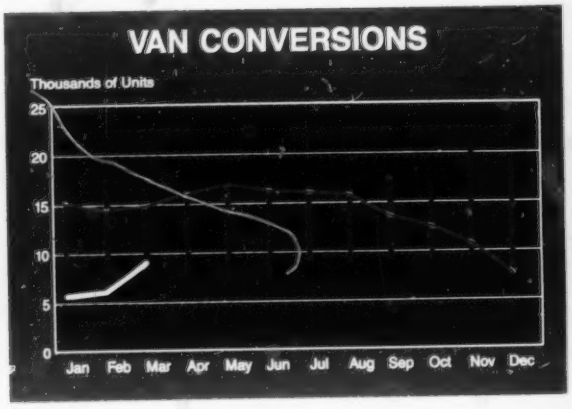

Figure 4

1981-90 Shipments' Range
1990 Monthly Shipments
1991 Monthly Shipments

March is a month of omen. Julius Caesar was warned about the Ides of March. This past March, businesspeople waited for a sign, too – an indicator that the recession was over and the turnaround had begun.

Perhaps the shipment data from RVIA for March, when adjusted for normal seasonal patterns, offered that first sign for the RV industry. Total shipments jumped ahead to nearly 21,200 units. *(See Figure 1.)* That was almost 21% above the low reached in January. This total also was the highest level in four months, reinforcing the slight upward movement of the prior month.

The improvement of total shipments was not seen in the towables segment of the industry. This sector has been stuck between 8,500 and 8,900 units since last November. While not dipping down as far as in the recession of the early '80s, towables have shown no appreciable improvement from their low in this cycle. In March 1991, they stood less than 4% over their December 1990 low. *(See Figure 2.)*

Motorhomes in March had their best month since last October. *(See Figure 3.)* At more than 3,200 units for the month, they were up for the first time in five months.

But the big movement came from van conversions. *(See Figure 4.)* Although still tallying less than 10,000 units for the month, their shipments, at 9,200 units, had risen by 55% over their January low. March was the second month in a row for an advance in van conversion shipments after eight uninterruptedly downward months, from May of '90 to the first month of '91.

The Detailed View

The industry moved ahead by more than 3,400 units in March compared with February levels. *(See Figure 5.)* Gainers far exceeded losers when compared with February. But all types of RVs remained below their levels of March 1990.

Of the advance in industry shipments as a whole, 83% can be attributed to van conversions. This volatile sector charged ahead by 46%, a gain equal of nearly 2,900 units over the preceding month. Nonetheless, van conversions were still nearly 5,900

GRAPHICS: DIGITAL LIFE

units (39%) below the same month in '90. The advance was encouraging, but the distance to be traveled was still great.

Motorhomes offered a mixed picture in March. Shipments of Class B's and micro-mini Class C's decreased for the month. At the same time, Class A units made a strong charge forward, rising by more than 600 units, or more than 47%.

Towable results were also mixed, with the group showing a decline for the month from February. But this was a decline of just 100 units (about 1%). The gains by park models and fifth-wheel trailers more than offset the losses of conventional travel trailers. But the entire towables group was pulled down strongly by folding camping trailers, which dropped by more than 200 units (more than 9%).

After one calendar quarter, the year-to-date deficit for the industry stood at nearly 38,000 units, or 40% of last year's shipments through March. *(See Figure 6.)* Every type of RV unit is down at least 17% for the year. No low-profile Class C motorhomes have been reported as shipped in the first three months of 1991 because of rounding to nearest 100 units.

Nearly 62% of the shipments decline has been in the van conversion sector. The year-to-date shipments deficits were over 40% for motorhomes and 24% for towables. As a result, van conversions have lost almost 10 market-share points, which have shifted to towables. Meanwhile motorhomes held a fairly constant market share.

Drawing Even

Where do we stand? For van conversions to end 1991 even with 1990, the industry would have to ship an average of 16,700 units per month for the next nine months. That would be almost double the number of units shipped in March. It would mean that the monthly average for the balance of the year would have to be better than any single month (except June) in 1990. This is a tall order.

Motorhomes do not have the same challenge. An average of 4,800 units per month for the balance of '91 will bring motorhomes even with '90. This level was achieved in five of the first seven months of 1990 and seems feasible for the industry.

Towables need to average 11,200 units per month for the rest of 1991 if they are to equal the shipments of last year. This is a jump of 28% over March's total. In other words, it is a level that is within reach but still somewhat distant.

The total industry then must ship nearly 294,000 units in the remainder of 1991 to reach the level of 1990. This means a monthly average of approximately 32,700 shipments in order to end the year even with 1990. Since this level of shipments was reached only once in 1990, it will mean a considerable, sustained improvement.

However, such gains are possible—if March was the beginning of a strong upward thrust that does not falter or become flat in the second quarter. Δ

Morton J. Marcus is the director of the Indiana Business Research Center at Indiana University School of Business, where he is also a member of the faculty. Marcus specializes in using statistics to identify economic trends.

RV SHIPMENTS—MONTHLY COMPARISONS

(Adjusted for seasonal variation)

Type of Units	Mar. '91	Change from Feb. '91 Number	Change from Feb. '91 %	Change from Mar. '90 Number	Change from Mar. '90 %
TOTAL RVs	21,160	3,420	19.3	-9,760	-31.5
Travel Trailers:					
Conventional	3,440	-110	-3.0	-1,000	-22.5
Park Models	520	130	34.4	-110	-17.0
Fifth-wheels	1,940	40	2.0	-670	-25.8
All Travel Trailers	5,900	70	1.1	-1,780	-23.2
Folding Camping Trailers	2,170	-220	-9.3	-370	-14.5
Truck Campers	690	50	8.6	-80	-10.3
TOTAL TOWABLES	8,760	-100	-1.2	-2,230	-20.3
Motorhomes:					
Class A	1,920	620	47.3	-920	-32.4
Class B	260	-70	-22.1	-260	-50.6
Class C:					
Minis	920	140	17.3	-330	-26.7
Low-Profiles	0	0	0.0	0	0.0
Micro-minis	150	-30	-14.9	-150	-49.9
Class C Total	1,070	110	11.4	-480	-31.0
TOTAL MOTORHOMES	3,240	650	25.2	-1,670	-33.9
TOTAL TOWABLES & MOTORHOMES	12,010	550	4.8	-3,890	-24.5
Multiuse Van Conversions	9,160	2,870	45.7	-5,860	-39.0

Note: Data rounded to nearest 10 units.

Figure 5

RV SHIPMENTS—ANNUAL COMPARISONS

(Adjusted for seasonal variation)

Type of Units	Year-to-Date 1991	Year-to-Date 1990	Difference Number	Difference %	% Market Share 1991	% Market Share 1990
TOTAL RVs	56,430	94,380	-37,950	-40.2	100.00	100.00
Travel Trailers:						
Conventional	9,990	13,840	-3,850	-27.8	17.70	14.66
Park Models	1,380	1,780	-400	-22.3	2.45	1.89
Fifth-wheels	5,750	7,980	-2,230	-27.9	10.20	8.46
All Travel Trailers	17,130	23,600	-6,470	-27.4	30.35	25.01
Folding Camping Trailers	7,220	8,760	-1,540	-17.6	12.79	9.28
Truck Campers	2,030	2,470	-440	-17.8	3.60	2.62
TOTAL TOWABLES	26,380	34,830	-8,450	-24.3	46.75	36.90
Motorhomes:						
Class A	4,730	8,340	-3,610	-43.3	8.39	8.84
Class B	970	1,460	-490	-33.5	1.72	1.55
Class C:						
Minis	2,450	3,770	-1,320	-35.1	4.34	3.99
Low-Profiles	0	210	-210	-100.0	0.00	0.22
Micro-minis	530	880	-350	-39.8	0.94	0.93
Class C Total	2,980	4,860	-1,880	-38.7	5.28	5.15
TOTAL MOTORHOMES	8,680	14,660	-5,980	-40.8	15.38	15.53
TOTAL TOWABLES & MOTORHOMES	35,060	49,490	-14,430	-29.2	62.13	52.44
Multiuse Van Conversions	21,370	44,890	-23,520	-52.4	37.87	47.56

Note: Data rounded to nearest 10 units; market-share percentages may not add to total because of rounding.

Figure 6